

NOV 30 1968

Dear Sir or Madam:

We have completed our consideration of your applications for tax-exempt status under sections 501(c)(3) and 501(c)(6) of the Internal Revenue Code.

You are an association of professional umpires. Your members officiate baseball games, which range from Little League games to adult amateur league games. You were incorporated [REDACTED] as a non-profit corporation. According to Article Four of your Articles of Incorporation, the purposes for which you are organized are to provide training and education to your members concerning the skills of umpiring the game of baseball; to provide scheduling services of your members to any persons or entities desiring to utilize the baseball umpiring services of your members; and to perform any and all related functions necessary and incidental to the purposes stated herein.

Prior to the start of baseball season, you conduct training classes for your members. Your primary activity is the scheduling and assignment of members to officiate baseball games. Members inform you as to when they will be available for work. Then, as requests for umpires are received from the various leagues, you schedule and assign members to officiate the games. In many cases, if not most cases, you also collect the umpires fees from the leagues and disburse the fees to your individual members.

For the year ended [REDACTED], you received revenues of \$[REDACTED] in dues and \$[REDACTED] in umpire fees. All of the fees received were in turn paid out to individual member umpires. Expenditures incurred for the same period amounted to [REDACTED] and included expenses for printing, meetings, educational materials, rent, postage and scheduling.

Section 501(c)(3) of the Code provides exemption for:

"Corporations...organized and operated exclusively for religious, charitable,...or educational purposes,...no part of the net earnings of which inures to the benefit of any private shareholder or individual..."

Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname		[REDACTED]					

[REDACTED]

Section 1.501(c)(3)-1(b)(1)(i) of the Income Tax Regulations provides that an organization is organized exclusively for one or more exempt purposes only if its Articles of Organization -

"(A) Limit the purposes of such organization to one or more exempt purposes; and

(B) Do not expressly empower the organization to engage, otherwise than as an insubstantial part of its activities, in activities which in themselves are not in furtherance of one or more exempt purposes."

Section 1.501(c)(3)-1(c)(1) of the Income Tax Regulations provides that:

"An organization will be regarded as 'operated exclusively' for one or more exempt purposes only if it engages primarily in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3)..."

Section 1.501(c)(3)-1(d)(1)(ii) of the Income Tax Regulations provides that all the organizations there described must serve a public rather than a private interest.

Revenue Ruling 61-170, 1961-2 C.B. 112 held that an organization of professional nurses primarily engaged in the operation of a nurses' registry to provide employment opportunities for members did not qualify for exemption under section 501(c)(2) or 501(c)(6) of the Code. Exemption under section 501(c)(3) was denied because the organization's activities primarily served a private rather than a public benefit. Its primary activities were neither charitable or educational. Exemption under section 501(c)(6) was denied because the organization primarily engaged in the performance of particular services for individuals rather than the promotion of business generally.

You do not meet the organizational requirements of section 501(c)(3) of the Code and the regulations there under because your purposes, as stated in Article Four of your Articles of Incorporation, are not limited to one or more of the purposes specified in section 501(c)(3) of the Code.

In addition, we have determined that you are not operated exclusively for charitable or educational purposes because your primary activity is the scheduling and assignment of members to officiate baseball games. Such activities serve neither a charitable or educational purpose, but do serve to benefit the private interest of your members. Your method of operations is very similar to that of the organization described in Revenue Ruling 61-170.

Accordingly, because you are not organized and operated exclusively for charitable or educational purposes, exemption under section 501(c)(3) is denied.

Section 501(c) of the Code describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(6) Business leagues, chambers of commerce, real estate boards, boards of trade, ***, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of the regulations provides as follows:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons. An organization whose purpose is to engage in a regular business of a kind ordinarily carried on for profit, even though the business is conducted on a cooperative basis or produces only sufficient income to be self-sustaining, is not a business league. *** "

Revenue Ruling 74-308, 1974-2 C.B. 168 holds that an organization whose primary activity is to provide a telephone answering service to distribute calls for towing service on a rotational basis to its members who are tow truck operators does not qualify for exemption under section 501(c)(6) of the Code. The organization did not qualify because it was primarily engaged in the performance of particular services rather than promoting a line of business in general.

The scheduling of games for members, and the collection of fees on their behalf, is a particular service for your individual members. Even if operated on a non-profit or breakeven basis, the regulations provide that an organization will not qualify for exemption under section 501(c)(6) if its primary activity is the performance of particular services for individuals. Like the organizations described in the above revenue rulings, your primary activity is the performance of particular services for individuals rather than the promotion of business conditions in general. Therefore, tax-exemption under section 501(c)(6) is denied. You should file Federal income tax returns.

If you do not agree with these conclusions, you may, within 30 days from the date of this letter, file in duplicate a brief of the facts, law, and argument that clearly sets forth your position. If you desire an oral discussion of the issue, please indicate this in your protest. The enclosed Publication 892 gives instructions for filing a protest.